GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2564
ANSWERED ON:16.03.2007
DISINVESTMENT IN PUBLIC SECTOR POWER COMPANIES
Lahiri Shri Samik

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is considering to disinvest its shares in the Rural Electrification Corporation, Power Grid Corporation and National Hydro Electrical Power Corporation;

(b) if so, the details alongwith the reasons therefor; and

(c) the time by which a decision is likely to be taken in the matter?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) to (c) Rural Electrification Corporation Limited, Power Grid Corporation of India Limited and National Hydro-electric Power Corporation Limited propose to make public offerings of equity equal to 10% each of their pre-issue paid-up equity capital. Government has decided on 8Ih February, 2007 to piggy-back with an `Offer for Sale` of 10%, 5% and 5%, respectively, out of its shareholding. The proceeds from disinvestment of Government`s equity in these three PSUs would be channelised into the National Investment Fund (NIF). 75% of the income from the Fund will be used to finance selected social sector schemes, which promote education, health and employment. The residual 25% of the income of NIF will be used to meet the capital investment requirements of profitable and revivable PSUs.